

AMENDED IN SENATE JUNE 23, 1998
AMENDED IN ASSEMBLY JANUARY 22, 1998
AMENDED IN ASSEMBLY JANUARY 5, 1998
AMENDED IN ASSEMBLY MARCH 3, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 194

**Introduced by Assembly Members Wright, Kuehl, Perata,
and Washington Assembly Member Thomson**

January 30, 1997

~~An act to add Section 19064 to the Government Code, relating to state employment. An act to amend Sections 124900, 124910, and 124920 of, and to repeal Section 124935 of, the Health and Safety Code, relating to health care.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 194, as amended, ~~R. Wright Thomson. Welfare recipients: state employment~~ *Health care: primary care: grants in aid.*

Existing law requires the State Department of Health Services to select certain primary care clinics to be reimbursed for delivering medical services, including preventative health care, and smoking prevention and cessation health education to program beneficiaries, based upon specified criteria.

This bill would, among other things, modify priority selection criteria, modify primary care application criteria,

require the department to develop a formula for the allocation and reallocation of funds, prohibit clinics that provide dental services only from being eligible for funding, revise payments for certain outpatient visits, and require the department to make certain advance payments. The bill would make technical changes.

~~Existing law requires that any person receiving state public assistance under the Aid to Families with Dependent Children program who meets the qualifications for any civil service position described by the State Personnel Board as a seasonal class that does not require an examination to be given priority consideration.~~

~~This bill would require all state agencies to maximize the employment of Temporary Assistance for Needy Families (TANF) recipients and other welfare recipients in all classes, including permanent full time, part time, temporary, and seasonal. The bill would require the State Personnel Board to report not later than March 1 of each year commencing in 1999, to the Department of Finance, the Assembly Budget Committee, the Senate Committee on Budget and Fiscal Review, and the Joint Legislative Budget Committee on the hiring of welfare recipients by all state agencies in the immediately preceding calendar year.~~

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. The Legislature finds and declares all of~~
 2 ~~SECTION 1. Section 124900 of the Health and Safety~~
 3 ~~Code is amended to read:~~
 4 124900. (a) (1) The State Department of Health
 5 Services shall select primary care clinics that are licensed
 6 under paragraph (1) or (2) of subdivision (a) of Section
 7 1204, or are exempt from licensure under subdivision (c)
 8 of Section 1206, to be reimbursed for delivering medical
 9 services, including preventative health care, and smoking
 10 prevention and cessation health education, to program
 11 beneficiaries. ~~It~~

1 (2) In selecting primary care clinics for
2 reimbursement, the department shall give priority to
3 clinics that ~~provide services in a medically underserved~~
4 ~~area or to a medically underserved population as~~
5 ~~determined by the department.~~ *meet all of the following*
6 *conditions, at a minimum:*

7 (A) *Provide medical diagnosis and treatment.*

8 (B) *Provide medical support services of patients in all*
9 *stages of illness.*

10 (C) *Provide communication of information about*
11 *diagnosis, treatment, prevention, and prognosis.*

12 (D) *Provide maintenance of patients with chronic*
13 *illness.*

14 (E) *Provide prevention of disability and disease*
15 *through detection, education, persuasion, and preventive*
16 *treatment.*

17 (F) *Meet one or both of the following conditions:*

18 (i) *Are located in an area federally designated as a*
19 *medically underserved area or medically underserved*
20 *population.*

21 (ii) *Are clinics in which at least 50 percent of the*
22 *patients served are persons with incomes at or below 200*
23 *percent of the federal poverty level.*

24 (b) As a part of the award process for funding pursuant
25 to this article, the department shall take into account the
26 availability of primary care services in the various
27 geographic areas of the state. The department shall
28 determine which areas within the state have populations
29 which have clear and compelling difficulty in obtaining
30 access to primary care. The department shall consider
31 proposals from new and existing eligible providers to
32 extend clinic services to these populations. The
33 department shall give equal consideration to all
34 applicants, regardless of whether or not they have
35 previously been funded for this program by the
36 department.

37 (c) Each primary care clinic applying for funds
38 pursuant to this article shall demonstrate that the funds
39 shall be used to expand medical services, including
40 preventative health care, and smoking prevention and

1 cessation health education, for program beneficiaries
2 ~~based on the primary care clinic's projected increase in~~
3 ~~outpatient visits as compared to the outpatient visits~~
4 ~~provided in the 1988 calendar year above the level of~~
5 *services provided in the 1988 calendar year or in the year*
6 *prior to the first year a clinic receives funds under this*
7 *article if the clinic did not receive funds in the 1989*
8 *calendar year.*

9 (d) (1) *The department, in consultation with clinics*
10 *funded under this article, shall develop a formula for*
11 *allocation of funds available.*

12 (2) *The formula shall be based on both of the*
13 *following:*

14 (A) *A maintenance of effort for clinics funded in prior*
15 *years.*

16 (B) *Demonstrated unmet need by both new and*
17 *existing clinics, as reflected in their levels of*
18 *uncompensated care reported to the department. For*
19 *purposes of this article, "uncompensated care" means*
20 *clinic patient visits for which there is no third-party*
21 *reimbursement.*

22 (3) *For the period beginning in the 1998-99 fiscal year*
23 *and ending in the 2000-01 fiscal year, the formula shall*
24 *have the following elements:*

25 (A) *If funds allocated to the program are equal to or*
26 *greater than the prior year, existing clinics shall receive*
27 *at least 90 percent of their prior year allocation or 90*
28 *percent of the amount of prior year paid claims if their*
29 *paid claims were less than their total allocation. The*
30 *remaining funds available shall be allocated to both new*
31 *and existing clinics on a competitive basis based on levels*
32 *of uncompensated care, with 80 percent available for*
33 *existing providers to correct past funding inequities and*
34 *meet unmet need, and 20 percent available for new*
35 *applications.*

36 (B) *If the funds allocated to the program are less than*
37 *the prior year, the department shall allocate available*
38 *funds to existing program providers only.*

39 (C) *If the funds allocated are greater than or equal to*
40 *the prior year, a clinic that participated in the program*

1 in prior fiscal years, discontinued participation for one or
2 more years and received a significantly reduced
3 allocation when it reapplied to the program, shall be
4 eligible for at least 90 percent of the funds allocated to the
5 clinic in fiscal years prior to its discontinuation in the
6 program.

7 (4) The department shall establish a base funding level
8 of no less than thirty-five thousand dollars (\$35,000) for
9 frontier clinics and Native American reservation-based
10 clinics. For purposes of this article, "frontier clinics"
11 means clinics located in a medical services study area with
12 a population of fewer than 11 persons per square mile.

13 (5) The department shall develop, in consultation
14 with clinics funded pursuant to this article, a formula for
15 reallocation of unused funds. The department shall
16 conduct two reviews per year to identify unused funds.
17 The reviews shall occur no later than January 31 and July
18 1 of each fiscal year. The department shall allocate the
19 unused funds to other participating clinics to meet unmet
20 need or to compensate for unpaid claims.

21 (e) In applying for funds, eligible clinics shall submit
22 a single application per clinic corporation. Applicants
23 with multiple sites shall apply for all eligible clinics, and
24 shall report to the department the allocation of funds
25 among their corporate sites in the prior year.

26 (f) Grant allocations pursuant to this article shall be
27 based on the formula developed by the department,
28 notwithstanding a merger of one of more licensed
29 primary care clinics participating in the program.

30 (g) A clinic that provides dental services only and does
31 not provide basic primary care services shall not be
32 eligible to receive funds under this article.

33 (h) (1) For purposes of this article, an outpatient visit
34 shall include, diagnosis and medical treatment services,
35 including the associated pharmacy, X-ray, and laboratory
36 services, and prevention health and case management
37 services that are needed as a result of the outpatient visit.
38 For a new patient, an outpatient visit shall also include a
39 health assessment encompassing an assessment of
40 smoking behavior and the patient's need for appropriate

1 health education specific to related tobacco use and
2 exposure.

3 (2) “Case management” includes, for this purpose, the
4 management of all physician services, both primary and
5 specialty, and arrangements for hospitalization,
6 postdischarge care, and followup care.

7 ~~(e)~~

8 (i) *(1)* Payment shall be on a per visit basis at a rate
9 that is determined by the department to be appropriate
10 for an outpatient visit as defined in this section, ~~not to~~
11 ~~exceed sixty-five dollars (\$65) per outpatient visit and~~
12 *shall be not less than sixty-five dollars (\$65) for a basic*
13 *outpatient visit and not less than eighty-five dollars (\$85)*
14 *for a patient visit during which the clinic also provides*
15 *dental services or necessary services for treatment of*
16 *patients who have been diagnosed with one or more*
17 *chronic conditions, including asthma, cellulitis,*
18 *congestive heart failure, diabetes, hypertension, kidney*
19 *infection, and pneumonia.*

20 ~~In~~

21 (2) *In* developing a statewide uniform rate for an
22 outpatient visit as defined in this article, the department
23 shall consider existing rates of payments for comparable
24 outpatient visits. The department shall review the
25 outpatient visit rate on an annual basis.

26 ~~(f)~~

27 (j) Not later than ~~May 1~~ *January 15* of each year, the
28 department shall adopt and provide each clinic with a
29 schedule for programs under this article, including the
30 date for notification of availability of funds, the deadline
31 for the submission of a completed application,
32 *instructions for completing the application and*
33 *submitting uniform data on uncompensated visits,* and an
34 anticipated contract award date for successful applicants.

35 ~~(g)~~

36 (k) In administering the program created pursuant to
37 this article, the department shall utilize the Medi-Cal
38 program statutes and regulations pertaining to program
39 participation standards, medical and administrative
40 recordkeeping, the ability of the department to monitor

1 and audit clinic records pertaining to program services
2 rendered to program beneficiaries and take recoupments
3 or recovery actions consistent with monitoring and audit
4 findings, and the provider's appeal rights. Each primary
5 care clinic applying for program participation shall
6 certify that it will abide by these statutes and regulations
7 and other program requirements set forth in this article.

8 *SEC. 2. Section 124910 of the Health and Safety Code*
9 *is amended to read:*

10 124910. (a) (1) Each ~~eligible entity~~ licensed
11 primary care clinic, as specified in subdivision (a) of
12 Section 124900, applying for funds under this article, ~~as~~
13 ~~specified in subdivision (a) of Section 124900,~~ shall
14 demonstrate in its application that it is ~~providing primary~~
15 ~~care services, to a medically underserved area or~~
16 ~~population. Any~~ meets all of the following conditions, at
17 a minimum:

18 (A) Provides medical diagnosis and treatment.

19 (B) Provides medical support services of patients in all
20 stages of illness.

21 (C) Provides communication of information about
22 diagnosis, treatment, prevention, and prognosis.

23 (D) Provides maintenance of patients with chronic
24 illness.

25 (E) Provides prevention of disability and disease
26 through detection, education, persuasion, and preventive
27 treatment.

28 (F) Meets one or both of the following conditions:

29 (i) Is located in an area federally designated as a
30 medically underserved area or medically underserved
31 population.

32 (ii) Is a clinic in which at least 50 percent of the
33 patients served are persons with incomes at or below 200
34 percent of the federal poverty level.

35 (2) Any applicant who has applied for and received a
36 federal or state designation for serving a medically
37 underserved area or population shall be deemed to meet
38 the requirements of subdivision (a) of Section 124900.

39 (b) Each applicant shall also demonstrate to the
40 satisfaction of the department that the proposed services

1 supplement, and do not supplant, those primary care
2 services to program beneficiaries that are funded by any
3 county, state, or federal program.

4 (c) Each applicant shall demonstrate that it is an
5 active Medi-Cal provider by having a Medi-Cal provider
6 number and diligently billing the Medi-Cal program for
7 services rendered to Medi-Cal eligible patients during
8 the past three months. This subdivision shall not apply to
9 clinics that are not currently Medi-Cal providers, and
10 were funded participants pursuant to this article during
11 the 1993–94 fiscal year.

12 (d) Each application shall be evaluated by the state
13 department prior to funding to determine all of the
14 following:

15 (1) The number of program beneficiaries who are in
16 the service area of the applicant, and the number of visits,
17 the scope of primary care services, and the proposed total
18 budget for outpatient visits provided to beneficiaries
19 under this article. The applicant shall provide its most
20 recently audited financial statement to verify budget
21 information.

22 (2) The applicant's ability to deliver basic primary
23 care to program beneficiaries.

24 (3) A description of the applicant's operational quality
25 assurance program.

26 (4) The applicant's use of protocols for the most
27 common diseases in the population served under this
28 article.

29 *SEC. 3. Section 124920 of the Health and Safety Code*
30 *is amended to read:*

31 124920. (a) The department shall utilize existing
32 contractual claims processing services in order to
33 promote efficiency and to maximize use of funds.

34 (b) The department shall certify which primary care
35 clinics are selected to participate in the program for each
36 specific fiscal year, and how much in program funds each
37 selected primary care clinic will be allocated *no later than*
38 *July 31 of each fiscal year or within 30 days after passage*
39 *of the Budget Act.*

1 (c) ~~The~~ *If the department is unable to notify clinics of*
2 *their allocations prior to July 31 of any year, the*
3 *department shall make an advance payment for funds*
4 *appropriated for services provided under this article to*
5 *the selected primary care clinics in an amount not to*
6 *exceed 25 percent of a clinic's allocation for visits*
7 *provided to program beneficiaries. These advance*
8 *payments may only be made during the 1994-95 fiscal*
9 *year.*

10 (d) ~~In the event the department's contractual claims~~
11 ~~processing service is not ready to accept and timely~~
12 ~~adjudicate program claims by August 15, 1994, the~~
13 ~~department shall reimburse clinic billings in excess of the~~
14 ~~advance payment until such time as the contractual~~
15 ~~claims processing mechanism is viable. A clinic's~~
16 *allocation under this article shall not be reduced solely*
17 *because the clinic has engaged in supplemental*
18 *fundraising drives and activities, the proceeds of which*
19 *have been used to defray the costs of services to be*
20 *uninsured.*

21 (e) The department shall pay claims from selected
22 primary care clinics up to each clinic's annual allocation,
23 adjusted for advance payments made under subdivision
24 (c) and claims reimbursement made under subdivision
25 (d). Once a clinic has exhausted its annual allocation, the
26 state shall stop paying its program claims.

27 (f) The department may adjust any selected primary
28 care clinic's allocation to take into account:

29 (1) An increase in program funds appropriated for the
30 fiscal year.

31 (2) A decrease in program funds appropriated for the
32 fiscal year.

33 (3) A clinic's projected inability to fully spend its
34 allocation within the fiscal year.

35 (4) Surplus funds reallocated from other selected
36 primary care clinics.

37 (g) The department shall notify all affected primary
38 care clinics in writing prior to adjusting selected primary
39 care clinics' allocations.

(h) Cessation of program payments under subdivision (e) or adjustment of selected primary care clinic's allocations under subdivision (f) shall not be subject to the Medi-Cal appeals process referenced in subdivision (g) of Section 124900.

SEC. 4. Section 124935 of the Health and Safety Code is repealed.

~~124935. (a) For the 1990-91 to 1993-94 fiscal years, inclusive, the department shall establish and maintain a primary care clinic risk pool in which the department shall assume responsibility to pay for dental treatment of a child by the primary care clinic subsequent to the clinic's meeting the requirements of subdivision (b) of Section 124930.~~

~~(b) Payment under this section shall be available when the clinic has done either of the following:~~

~~(1) Detected the condition as part of a child health and disability prevention screen pursuant to Section 124930 and has directly provided the treatment.~~

~~(2) Provided the treatment upon referral from another child health and disability prevention provider.~~
~~the following:~~

~~(1) Welfare reform requires the identification of new job opportunities for welfare recipients to enable these families to become self-sufficient.~~

~~(2) The state is a major employer.~~

~~(3) The state successfully has hired persons receiving public assistance under the Aid to Families with Dependent Children program for seasonal, nontesting classes.~~

~~(4) Permanent state employment requires that applicants meet the minimum qualifications for job classes and participate in competitive examinations.~~

SEC. 2. Section 19064 is added to the Government Code, to read:

19064. (a) All state agencies, departments, boards, and commissions shall maximize the employment of Temporary Assistance for Needy Families (TANF) recipients and other welfare recipients in all classes;

1 including permanent full time, part time, temporary, and
2 seasonal.

3 (b) The board shall report not later than March 1 of
4 each year commencing in 1999, to the Department of
5 Finance, the Assembly Budget Committee, the Senate
6 Committee on Budget and Fiscal Review, and the Joint
7 Legislative Budget Committee on the hiring of welfare
8 recipients by all state agencies in the immediately
9 preceding calendar year. The report shall include all of
10 the following information:

11 (1) The number of state employment positions
12 available in each class that do not require a high school
13 diploma, that require a high school diploma, and that
14 require a high school diploma and two years or less of
15 college.

16 (2) The number of Temporary Assistance for Needy
17 Families (TANF) recipients and other welfare recipients
18 hired by the state in each category described in
19 paragraph (1) for each employment class, including
20 permanent full time, part time, temporary, and seasonal.

21 (c) It is the intent of the Legislature that all state
22 agencies utilize existing budgetary resources to comply
23 with this section.